

BLAINE SCHOOL DISTRICT No. 503
Whatcom County, Washington
September 1, 1992 Through August 31, 1994

Schedule Of Findings

1. District Officials Should Establish And Implement Better Internal Control Procedures Over Cash Receipts And Reconciliations

Our audit of the district's accounting for cash receipts and reconciliation procedures disclosed inadequate internal controls. Specifically, we noted the following weaknesses:

- a. The district does not perform an independent reconciliation of amounts receipted to the district's Associated Student Body (ASB) accounts with bank records.
- b. The bank statement balance for the high school ASB at August 31, 1994, exceeded the check register balance by \$121.80. The difference was not identified or resolved.

The bank statement balance for the district office at August 31, 1994, exceeded the check register amount by \$69.12. The difference was not identified or resolved.

- c. Actual cash on hand plus revolving funds exceed authorized amounts in the elementary and middle school ASB funds.

The purpose of the reconciliation to the bank account balance and to the authorized balance is to promptly discover any errors or irregularities which may have occurred. The district establishes authorized balances by resolution.

These weaknesses occurred due to time limitations on the part of district personnel.

One result of these weaknesses, is it appears there are moneys in the account for which there are not supporting receipts at fiscal year end. The district transmits money to the county treasurer based on the amount of the receipts. The remaining balance in the account could not be tied to receipts. Furthermore, without proper internal controls, the risk is increased that errors and irregularities could occur and not be discovered in a timely manner, if at all.

We recommend district officials improve internal controls to ensure:

- a. The district perform timely independent reconciliations of amounts receipted to the district's ASB accounts to bank records.
- b. Identify, reconcile, and account for all differences noted.
- c. Maintain the district's revolving funds at their authorized amounts.

BLAINE SCHOOL DISTRICT No. 503
Whatcom County, Washington
September 1, 1992 Through August 31, 1994

Schedule Of Federal Findings

1. Reimbursement Requests Should Be Based On Actual Costs Expended

During fiscal year 1993, Blaine School District requested reimbursement of expenditures for the ESSIA Chapter 2 Targeted Assistance Grant Award (Program 76) received from the Washington State Superintendent of Public Instruction (SPI) for \$9,963. Actual expenditures charged to Program 76 were \$9,518.

U.S. Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State and Local Governments*, states that allowable costs:

Be consistent with policies, regulations, and procedures that apply uniformly to both federally assisted and other activities of the unit of government of which the grantee is a part.

In addition, the *Revised Code of Washington* 43.09.200 states in part.

The system shall exhibit true accounts and detailed statements of funds collected, received, and expended for account of the public for any purpose whatever, and by all public officers, employees, and other persons.

District personnel prepared a program expenditure report prior to the submission of the reimbursement request. The program expenditure report did not agree to actual expenditures at year end due to subsequent adjustments.

The adjustments resulted in an excessive claim for the Chapter 2 grant of \$445.

We recommend the district return \$445 to SPI. We further recommend the district review year-end expenditures to account for any adjustments prior to the submission of the final claim for reimbursement.